

MINIMUM HOLDING PERIOD FOR EE/I BONDS EXTENDED TO 12 MONTHS

The minimum holding period that applies to Series EE and I savings bonds has been extended from six to twelve months, effective with bonds bearing issue dates of February 2003 and later. The minimum holding period represents the length of time a bond must be held before it is eligible for redemption. All other terms and conditions applying to EE or I bonds are unchanged.

The holding period for bonds with issue dates prior to February 2003 remains unchanged at six months. Series EE bonds presented for exchange to Series HH bonds must also meet the holding period requirements of either six or twelve months, depending on issue date.

According to the Treasury Department, the change is being made to “prevent purchasers from taking advantage of the current spread between savings bond returns and historically low short-term interest rates by cashing in bonds after six months.” Savings Bonds are designed to be a long-term savings vehicle. Individual investors who are saving for the long term will not be affected by the lengthened holding period.

Savings bonds issuing and redemption agents should discard any copies of the Savings Bonds Buyers Guide (SB-2349 and predecessors) that they have in stock. A new Buyers Guide is being printed and will be shipped automatically to all headquarter and branch financial institutions on the Bureau of the Public Debt’s mailing list in quantities of 100. The replacement Guide should be received in late-March or early-April.

Pricing tools provided to you by your servicing Federal Reserve Bank will be updated to reflect the change in terms, along with additional information. Any questions you or your customers may have about the change in holding period and how it affects particular bonds should be directed to your servicing FRB.

As always, detailed up-to-date information on savings bonds can be found on the websites www.savingsbonds.gov and www.treasurydirect.gov.